

APPENDIX B – SUMMARY OF RESERVES BALANCES

Earmarked reserves are one-off balances set aside for investment towards agreed priorities. A key element in managing the Council's earmarked reserves is that the principles of We Make Camden are incorporated, giving confidence that the Council is spending and investing resources on the delivery of outcomes. This will be an even greater point of focus as the organisation moves to deliver the next round of MTFS savings. Table 1 below sets out the forecast reserve position over the next five years.

The Council currently forecasts a net drawdown of General Fund earmarked reserves over the next three years before gradually stabilising in 2028/29. This net movement is driven by a range of factors, including anticipated drawdowns in 2025/26 to fund the forecast £19m General Fund overspend and the £8.1m overspend against the High Needs Block of the Dedicated Schools Grant, as set out in the body of the report. This also includes tentative assumptions around the application of the Council's Business Rates Local Share Reserve in 2026/27 to help support the Council's transition to the next Local Government Finance Settlement and drawdowns to support investment in capital projects.

School balances are forecasted to reduce to zero over the medium term as pressures on budgets grows and, as noted in the body of the report, more schools find themselves in a financially vulnerable position. The Housing Revenue Account's Unearmarked Reserves are projected to be drawn upon in 2025/26 to cover overspends, but grow steadily thereafter, reflecting plans to rebuild the reserve over the medium term.

These forecasts have been prepared on a prudent basis, with the drivers of the reserve drawdowns included in this appendix holding varying degrees of uncertainty. An improvement in this outlook is plausible, and this would be reflected in reduced drawdowns over the coming years. In addition, where external funding is available, this would always be utilised first before a call on Council resources.

Table 1 – Forecast Reserve Balances

Earmarked Reserves	Actual Reserves 31/03/2025 £m	Forecast Reserves 31/03/2026 £m	Forecast Reserves 31/03/2027 £m	Forecast Reserves 31/03/2028 £m	Forecast Reserves 31/03/2029 £m	Forecast Reserves 31/03/2030 £m
Reserves to Support Council Priorities	34.981	38.064	32.980	28.137	25.067	21.264
Reserves with Conditions	53.624	42.882	33.431	30.975	30.306	28.311
Reserves to Support Ongoing Capital Activity & Asset Management	19.539	15.729	14.549	15.423	16.187	17.018
Reserves to Mitigate Future Risk	14.419	17.120	17.120	21.120	25.120	29.120
Total GF Earmarked Reserves	122.563	113.795	98.080	95.655	96.680	95.713
General Balances	18.358	19.858	21.358	22.858	24.358	25.858
Business Rates Reliefs Local Share Reserve	38.947	43.712	12.000	12.000	12.000	12.000
Total GF Reserves	179.867	177.365	131.438	130.513	133.038	133.571
Housing Revenue Account - Unearmarked Reserves	14.178	11.860	16.860	21.860	26.860	31.860
Housing Revenue Account - Earmarked Reserves	9.951	9.907	10.707	12.407	13.207	14.007
Total HRA Reserves	24.129	21.767	27.567	34.267	40.067	45.867
Schools Balances	15.204	9.420	3.636	0.000	0.000	0.000
Total Revenue Reserves	219.200	208.552	162.641	164.780	173.105	179.438

Table 2 – Forecast Movement in Reserves in 2025/26

The table below sets out the in-year movement across the Council's reserves. The net movement for the 2025/26 financial year is forecast to be a £10.6m drawdown. This is primarily due to the drawdowns to cover the forecast £19m General Fund overspend, along with the £7.3m forecast overspend in the Housing Revenue Account, £8.1m overspend on the High Needs Block of the Dedicated Schools Grant and an anticipated £5.8m drawdown on schools balances. This is partially offset by the Council's budgeted contributions to reserves (including £1.5m to General Balances and £5m to HRA unearmarked reserves) designed to entrench our financial resilience, and a series of forecast contributions to reserves held for specific purposes.

Earmarked Reserves	Actual Reserves 31/03/25 £m	Transfer Into Reserves £m	Movement Out of Reserves £m	Forecast Reserves 31/03/26 £m	Net Movement in Reserves £m
Reserves to Support Council Priorities	34.981	6.203	(3.120)	38.064	3.083
Reserves with Conditions	53.624	0.000	(10.742)	42.882	(10.742)
Reserves to Support Ongoing Capital Activity & Asset Management	19.539	7.597	(11.406)	15.729	(3.809)
Reserves to Mitigate Future Risk	14.419	4.000	(1.299)	17.120	2.701
Total GF Earmarked Reserves	122.563	17.800	(26.567)	113.795	(8.767)
General Balances	18.358	1.500	0.000	19.858	1.500
Business Rates Reliefs Local Share Reserve	38.947	13.712	(8.947)	43.712	4.765
Total GF Reserves	179.867	33.012	(35.514)	177.365	(2.502)
Housing Revenue Account - Unearmarked Reserves	14.178	5.000	(7.318)	11.860	(2.318)
Housing Revenue Account - Earmarked Reserves	9.951	0.000	(0.044)	9.907	(0.044)
Total HRA Reserves	24.129	5.000	(7.362)	21.767	(2.362)
Schools Balances	15.204	0.000	(5.784)	9.420	(5.784)
Total Reserves	219.200	38.012	(48.660)	208.552	(10.648)